

PINECREST RESOURCES LTD.

Interim Management's Discussion and Analysis – Quarterly Highlights

For the Period Ended September 30, 2019

(Expressed in Canadian Dollars - Unaudited)

Introduction

Pinecrest Resources Ltd. and its subsidiary engage principally in the acquisition, advancement and development of precious mineral properties particularly its Enchi Gold Project in Ghana. Pinecrest Resources Ltd., the parent, was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (British Columbia) on January 18, 2010. Pinecrest is a public company listed on the TSX Venture Exchange (TSX-V: PCR) and its head office is located at Suite 413 – 595 Burrard Street, Vancouver, British Columbia, V7X 1J1.

This interim Management Discussion and Analysis (“MD&A”) should be read in conjunction with the condensed interim consolidated financial statements of Pinecrest Resources Ltd. (“Pinecrest” or the “Company”) for the period ended September 30, 2019. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards (“IFRS”). Additional information relating to the Company including the most recent Company filings can be located on SEDAR at www.sedar.com.

This MD&A is prepared as of November 12, 2019. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

Forward Looking Statements and Risk Factors

This interim MD&A includes certain statements that may be deemed “forward-looking statements.” All statements in this discussion, other than statements of historical facts, that address events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

For a detailed listing of the risk factors, please refer to the Company’s annual MD&A for the year ended December 31, 2018.

Results of Operations

As at September 30, 2019, the Company had total assets of \$14,653,125 (December 31, 2018 - \$15,231,689) consisting primarily of cash, short-term investment and exploration and evaluation assets.

Exploration and evaluation assets as at September 30, 2019 was \$13,907,668 compared to \$14,024,993 as at December 31, 2018. The decrease during the period was primarily due to the weaker US dollar at September 30, 2019 when compared against the 2018 year-end exchange rate. The impact of the lower US dollar at the reporting date amounted to a reduction of \$335,950.

3 months ended September 30, 2019 vs. 3 months ended September 30, 2018

For the three months ended September 30, 2019, the Company recorded a net loss of \$49,366 or \$0.00 loss per share compared to a net loss of \$127,404 or \$0.00 loss per share during the same period in the prior year.

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Share-based compensation was \$nil during the three months ended September 30, 2019 (2018 - \$35,268). The higher expense during 2018 was due to the vesting of 2,600,000 stock options that were originally granted to directors, officers, and consultants of the Company in 2017. There were no vested stock options during the period ended September 30, 2019.

Management fees during the three months ended September 30, 2019 was \$21,125 compared to \$48,625 during the same period in the prior year. The lower fees in 2019 was due to the Company's CEO charging Pinecrest a monthly rate of \$6,250 compared to hourly during 2018. The Company's CEO stopped receiving remuneration from Pinecrest effective July 16, 2019.

9 months ended September 30, 2019 vs. 9 months ended September 30, 2018

For the nine months ended September 30, 2019, the Company recorded a net loss of \$222,355 or \$0.00 loss per share compared to a net loss of \$453,269 or \$0.01 loss per share during the same period in the prior year.

Share-based compensation was \$nil during the nine months ended September 30, 2019 (2018 - \$170,753). The higher expense during 2018 was due to the vesting of 2,600,000 stock options that were originally granted to directors, officers, and consultants of the Company in 2017. There were no vested stock options during the period ended September 30, 2019.

Management fees during the nine months ended September 30, 2019 was \$94,625 compared to \$148,219 during the same period in the prior year. The lower fees in 2019 was due to the Company's CEO charging Pinecrest a monthly rate of \$6,250 compared to hourly during 2018. The Company's CEO stopped receiving remuneration from Pinecrest effective July 16, 2019.

Summary of Quarterly Results

The following information is derived from the Company's unaudited quarterly financial statements for the preceding eight quarters.

	Revenue	Net loss	Loss per share
September 30, 2019 ⁽¹⁾	\$ Nil	\$ 49,366	\$ 0.00
June 30, 2019	\$ Nil	\$ 113,305	\$ 0.00
March 31, 2019 ⁽²⁾	\$ Nil	\$ 59,683	\$ 0.00
December 31, 2018 ⁽²⁾	\$ Nil	\$ 63,692	\$ 0.00
September 30, 2018	\$ Nil	\$ 127,404	\$ 0.00
June 30, 2018	\$ Nil	\$ 150,270	\$ 0.00
March 31, 2018	\$ Nil	\$ 175,596	\$ 0.00
December 31, 2017	\$ Nil	\$ 286,131	\$ 0.00

⁽¹⁾See discussion under "Results of Operations" above.

⁽²⁾Lower quarterly loss is due to minimal share-based compensation expense during the period.

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Liquidity and Capital Resources

The Company currently has no operating revenues and relies primarily on equity financing. As at September 30, 2019, the Company had a working capital of \$629,112. For the nine months ended September 30, 2019, cash outflows from operating activities totalled \$245,517 (2018: outflows of \$298,508).

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

Trading transactions

The Company shares office space with related parties in order to minimize operational costs. During the period ending September 30, 2019, the Company paid or accrued \$7,653 (2018 - \$11,302) for office rent to a related company.

The Company had a payable balance to a related party of \$4,018 as at September 30, 2019 (December 31, 2018 - \$13,402). The payable relates to office rent. All related party transactions were recorded at the amount agreed upon by the related parties. There are no ongoing contractual or other commitments resulting from the above transactions.

Compensation of key management personnel

Key management personnel include directors and officers that provide management and consulting services to the Company. Remuneration of key management personnel during the period was as follows:

Related Party	Relationship	September 30, 2019	September 30, 2018
Gladstone Capital Ltd.	Chief Executive Officer	\$ 40,625	\$ 94,219
Pacific Court Capital Corp.	Chief Financial Officer	27,000	27,000
Sail View Capital Ltd.	Director	27,000	27,000
		\$ 94,625	\$ 148,219

Share-based payments to key management personnel of the Company amounted to \$nil during the period ending September 30, 2019 (2018 - \$154,059).

Proposed Transactions

None.

Critical Accounting Estimates and Change in Accounting Policies including Initial Adoption

The significant accounting policies applied in the preparation of the financial statements are consistent with those applied and disclosed in the Note 2 of the Company's 2018 audited consolidated financial statements. Critical accounting estimates remain the same as disclosed in the 2018 audited annual consolidated financial statements.

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In January 2016, the IASB issued a new standard IFRS 16, *Leases* ("IFRS 16"). This standard is effective for annual periods beginning on or after January 1, 2019, and permits early adoption, provided IFRS 15, has been applied, or is applied at the same date as IFRS 16. IFRS 16 requires lessees to recognize assets and liabilities for most leases. The Company does not have any leases and as a result, the adoption of IFRS 16 did not have a material measurement or disclosure impact on its interim consolidated financial statements.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, receivables, short-term investment, and trade and other payables. The Company determines the classification of financial assets at initial recognition. Financial liabilities are measured at amortized cost unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL. All of the Company's financial instruments are held at amortized cost. Financial instruments held at amortized cost are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition such financial instruments are measured at amortized cost using the effective interest method.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve-month expected credit losses. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss (income).

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss and comprehensive loss (income).

The Company does not use derivative instruments or hedges to manage various risks because the Company's exposure to credit risk, liquidity risk, and market risks is relatively low. Cash and short-term investment are held through a large national financial institution. Note 7 of the Company's condensed interim consolidated financial statements contain additional disclosures on the Company's financial instruments.

Outstanding Share Capital

The following describes the outstanding share data of the Company as at November 12, 2019. Note 5 of the Company's condensed interim consolidated financial statements for the period ended September 30, 2019 contain additional information on the Company's share capital.

	<u>Number Outstanding</u>
Common shares	62,566,547
Options to purchase common shares	7,950,000
Warrants to purchase common shares	22,900,000

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Outlook

The Company plans to continue drilling on known zones and additional priority targets on the 100% owned Enchi Gold Project. A 3,400-meter reverse circulation drill program was completed in 2018. The region hosts numerous historical and current operating open pit and underground gold mines located along strike to the northeast of the Enchi Gold Project. The drill program completed included 28 holes totaling 3,406 metres of infill, step out and exploration drilling on the Boin and Sewum Zones and two new zones outside of the maiden Inferred Resource, Boin northwest and Kojina Hill both representing high priority targets based on geological, geochemical and geophysical surface work and previous drilling.
